



C A L I F O R N I A

# Dairy Review

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## Department Announces Hearing Decision

On June 4<sup>th</sup>, 2003, the Department held a public hearing to consider amendments to the Milk Stabilization and Marketing Plans for Market Milk (Stab Plans) and the Pooling Plan for Market Milk (Pool Plan). The amendments under consideration regarded changes to milk movement incentives, namely, transportation allowances and transportation credits.

Having carefully weighed the contents of the hearing record, the Department has determined that the following changes are warranted:

- The transportation allowance rate for milk in the 0 to 89 mile bracket in the Southern California and San Diego Receiving Areas will be increased from \$0.00 to \$0.09 per hundredweight with no further changes to the remaining mileage brackets and rates.
- Extend transportation allowances to qualifying plants in Riverside County by including Riverside County in the Southern California Receiving Area.
- There will be no changes to the transportation allowances in Northern California.
- The transportation credits should be increased by \$0.10 for all eligible milk shipped to Southern California counties, with an additional \$0.08 increase (for a total of \$0.18) for shipments from the Southern San Joaquin Valley to Riverside and San Diego Counties.
- Make condensed skim eligible for transportation credits at the same level as bulk milk from all designated supply counties to their corresponding designated deficit counties.
- Except for the eligibility of condensed skim, there will be no other changes to transportation credits in Northern California.

The implementation of these changes should result in changes in the patterns of milk shipments both for milk and condensed skim. The exact changes in patterns cannot be predicted. As a result, it is difficult to estimate what the cost of the allowances and credits will be in the future.

*(Continued on page 5)*

California Dairy Producer News

# Production, Prices, Quota Transfers, Alfalfa

## June Milk Production

Milk production in California for June 2003 totaled 2.9 billion pounds, down 0.1 percent from June 2002. USDA's estimate for U.S. milk production for June 2003 in the 20 major dairy states is 12.3 billion pounds, down 0.1 percent from June 2002. Production per cow in the 20 major states averaged 1,587 pounds for June, unchanged from June 2002. ☀

## Minimum Class Prices

Statewide average hundredweight prices

Class	July	August
1	\$11.92	\$14.60
2	\$10.41	\$ N/A
3	\$10.24	\$ N/A
4a	\$ N/A	\$ N/A
4b	\$ N/A	\$ N/A

## Federal Order and California Minimum Class 1 Prices

Average Hundredweight Prices

Regions	July	August
Phoenix, Arizona	\$12.12	\$13.32
Southern California	\$12.03	\$14.73
Portland, Oregon	\$11.67	\$12.87
Northern California	\$11.76	\$14.46
Boston (Northeast)	\$13.02	\$14.22

## Quota Transfer Summary

For June 2003, eleven dairy producers transferred 10,398 pounds of SNF quota. June quota sales averaged \$413 per pound of SNF (without cows), an average ratio of 2.49. For July 2003, four dairy producers transferred 2,528 pounds of SNF quota. July quota sales averaged \$455 per pound of SNF (without cows), an average ratio of 2.50. ☀

## Alfalfa Update: July

Northern California: Premium and Supreme alfalfa was steady with moderate demand - however new hay is not testing as high as producers hoped. Fair and Good alfalfa was steady to firm with current hay showing more quality than earlier in the season. Retail and Stable alfalfa and grass hay was fully steady. Exporters beginning to show interest in buying hay but not finding quality desired.

Southern California: Premium and Supreme not well tested with supplies light to non-existent. Fair and Good alfalfa steady with light demand. Producers resisting lower price offers on hay. Exporters mostly interested in Sudan hay. Supplies of forage-mixed hay in Antelope/Mojave area are heavy.

## Supreme Hay Prices

Statewide average prices per ton

Area	6/27	7/3	7/11	7/18
Petaluma	\$150	\$138-150	-----	\$140-152
North Valley <sup>1</sup>	\$145-152	\$140-155	\$142-155	\$150
South Valley <sup>2</sup>	\$147-162	\$140-162	\$149-160	\$145-157
Chino Valley	\$130-132	-----	-----	-----

<sup>1</sup> North Valley is Escalon, Modesto and Turlock areas.

<sup>2</sup> South Valley is Tulare, Visalia and Hanford areas.

## Alfalfa Hay Sales/Delivery

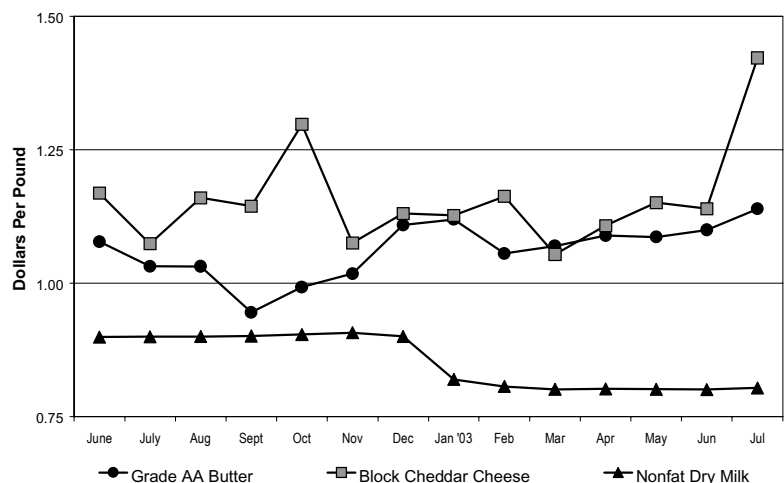
	June	July
Tons Sold <sup>1</sup>	271,591	305,131
Tons Delivered <sup>2</sup>	124,181	119,653

<sup>1</sup> For current or future delivery.

<sup>2</sup> Contracted or current sales.

Alfalfa hay sales, deliveries and Supreme quality prices per ton, delivered to dairies, as reported by the USDA Market News Service, Moses Lake, WA, (509) 765-3611, <http://www.ams.usda.gov/marketnews.htm>

Grade AA Butter, Block Cheddar Cheese, and Nonfat Dry Milk Prices Used in the Calculation of California Class 1 Milk Prices



# California Alfalfa Hay Acreage and Spring Stocks Down in 2003

*By Seth Hoyt, California Agricultural Statistics Service*

**Stocks.** May 1, 2003, California hay stocks were 200,000 tons, 14% below May 1 2002. On May 1, 2001 there were 180,000 tons on hand. Old-crop hay utilization was high due to a large dairy cow inventory and quality of early new-crop alfalfa. A larger than normal amount of rain-damaged or over-mature alfalfa hay in the early 2003 season, plus low milk prices and financial losses in California's dairy industry, had many dairy producers using up old-crop supplies.

Early season demand for new crop, non rain-damaged, milk cow quality alfalfa hay in the Imperial Valley was below the past few years. Overall spring hay production was down in California as growers delayed harvest to avoid rain damage, sources report. This was also true with oat hay. Quite a few central California growers delayed harvest and ended up harvesting oat seed rather than hay.

**Alfalfa Hay Acres.** California growers expect to harvest alfalfa hay from 1.09 million acres in 2003, down 50,000 acres or 4% below 2002. In the seven western states, 2003 alfalfa hay acres are estimated to be down 125,000, or 3% below 2002. An area with the biggest drop is the Imperial Valley. According to an Imperial Irrigation District (IID) report in mid-July, alfalfa hay acres were down over 28,000 acres, 17% below 2002. Interestingly, alfalfa seed acres in the Imperial Valley were 11,889 in mid-July, vs. 6,687 acres in July 2002. In August 2002, seed acres peaked at 8,602. Most alfalfa seed in the Imperial Valley is harvested in August.

**Other Hay.** Acres of other hay expected to be harvested in California is 470,000, down 30,000 from 2002, a 6% decline. In April, I mentioned a turnaround for sudan in the Imperial Valley due to a depressed alfalfa market. The IID's mid-July report showed 61,269 acres of sudan, up 15,000 acres, or 32% more than the same time last year. It's one reason other hay acres in California were up from the March planting intention report.

**Supply-Demand.** In a 'normal' year, 14% lower hay stocks and 4% lower alfalfa hay acres in California should be bullish for alfalfa hay prices. Also, the hay market would 'normally' receive positive signals with an estimated 3% fewer alfalfa acres in the seven western states in 2003, and 19% less alfalfa hay shipped into California from out-of-state in the first

quarter of 2003 vs. the same quarter last year. As I stated in April, supply-demand economics in the California alfalfa hay market aren't performing as they have historically due to the dairy industry's financial problems.

Given the current short supplies of higher-quality milk cow alfalfa hay, you'd expect a strong demand and higher market. While Supreme alfalfa hay prices are holding steady there doesn't appear to be a bullish undertone. Supreme alfalfa delivered to Tulare the week ending July 11, 2003, was trading from \$149.00 to \$160.00/ton, with a weighted average of \$154.81, according to Market News. Prices are virtually the same as July of last year. The difference is that Supreme alfalfa supplies are down from 2002--lower spring production and fewer out-of-state supplies. While it was much easier to sell higher quality alfalfa hay in June through mid-July, some dairy hay buyers continued to try and pressure the market lower by resisting current prices.

**Market Challenge.** The challenge is with mid-to-lower-quality alfalfa. Fair quality alfalfa delivered to Tulare the week ending July 11 brought \$88.00 to \$90.00 per ton, with a weighted average of \$88.77. Last year prices ranged from \$95.00 to \$108.00 delivered, with a weighted average of \$100.71, according to Market News. With above normal production of low to mid-quality alfalfa hay this spring, and with early summer hay production, dry cow hay supplies were beginning to build in July, industry sources report. Some growers were rejecting lower bids and stacking hay outside and in barns for later sale, including winter storage. Sources indicated that older alfalfa stands were starting to be taken out of production in the southern San Joaquin. Some dairies that recently stocked up on milk cow hay were only buying dry cow hay for short term needs, thinking the market may weaken further. There are dairymen who can only afford to buy milk and dry cow alfalfa as needed. I was in the central valley in early May and heard of one 4,000-cow dairy with only a three-week supply of hay on hand.

A big disappointment so far in 2003 is the alfalfa export market. The sudan hay export market is where most of the action has occurred. Export demand for alfalfa has been flat. One source said, 'Export buyers aren't aggressive on alfalfa hay and you have to work at selling the hay.' The lower,

*(Continued on next page)*

## Spring Hay Stocks Down *(Continued from Page 3)*

By Seth Hoyt, California Agricultural Statistics Service

Good quality alfalfa hay market may attract some bargain-hunting export buyers.

**Dairy Cow Inventory.** For the first time since 1987, month-to-month milk cow numbers declined. (In 1986 and 1987, a large number of dairy cows were slaughtered because of the Dairy Termination Program.) There were an estimated 1,691,000 milk cows in California in June, 2003, 1,000 less than May. In the second half of 2002 and first quarter of 2003 milk prices were low and financial losses were mounting, but milk cow growth still grew at about 5,000 per month. This trend changed in recent months.

There were other indications earlier in the year that cow inventory may decline. Milk replacement heifers shipped into California the first quarter of 2003 were down significantly from the same quarter a year ago. The latest report shows milk replacement heifers shipped into California from January through June, 2003 were down 29,000 head compared to the same period last year, according to the California Department of Food and Agriculture (CDFA) Animal Health Branch. This is a 34% decline.

I was told earlier this year that some dairies were weathering the tough times because of profits made in 2001. Due to a record period of low milk prices (one year), many dairies have exhausted financial reserves. The need for cash was evidenced by the 11% increase in dairy cow slaughter in California the first five months of 2003, compared to the same period last year. Some dairies were hanging on because of equity in their operations.

**Positive Developments.** In the past month the cheese market has surged and the butter market has improved. On July 8, 2003, the market on the Chicago Mercantile Exchange cash-cheese market reached \$1.51 per pound for a 40-pound block of cheddar. It was \$1.15 per pound on June 17.

Class 1 fluid milk prices in California on July 10, 2003, increased 23 cents per gallon, the second highest month-to-month increase on record, according to the CDFA Dairy Marketing Branch. But, the \$1.24 per gallon farm price on Class 1 milk in California is below the five-year average of \$1.25. In early to mid-July hot

weather reduced milk production in California and the West, sources report. This should be supportive to milk prices. However, it's too early to predict the benefits of the modified CWT program (dairy industry self help program) that will supposedly be implemented in the near future.

Another positive for the hay industry is the more than 28,000 fewer acres of alfalfa hay in the Imperial Valley compared to 2002. An agreement between the Palo Verde and Coachella Water Districts will idle about 16,000 acres of Palo Verde Valley farmland in the second half of 2003, according to the Palo Verde



Irrigation District. They estimate that about 10,000 of these acres are alfalfa hay.

**Outlook.** If milk production continues to drop and the dairy industry returns to profitability, we'll hopefully see more normal supply-demand market patterns in California's alfalfa hay industry in the months ahead. It appears that tight supplies may stabilize the higher-quality, milk cow alfalfa hay market the rest of the season. The outlook for dry cow hay will depend on production the rest of the season and milk prices in the coming months. Besides reduced alfalfa production in the southern desert, there's the question of how much alfalfa will be taken out of production in the central and northern valley?

Nonetheless, a positive outlook for California's alfalfa hay industry depends on a financially healthy California dairy industry. ☀



## 2003-04 Dairy Council Assessment Rates Established

The Dairy Council of California has recommended and the Department of Food and Agriculture has approved new assessment rates for the Council's 2003-2004 fiscal year (July 1, 2003, through June 30, 2004). The rates are presented below. The Dairy Council uses the funds generated from these assessments to carry out its mission of stimulating demand for milk by demonstrating the role of dairy products as essential elements in a healthy diet.

The Dairy Council Law mandates a two-tier assessment structure; an assessment for milk used in Class 1 milk products and a lower assessment for milk used in all other classes of milk products. A change in this assessment structure went into effect a few years ago based upon legislative changes to the Dairy Council Law and now specifies the Council's maximum allowable assessment rates for Class 1 milk shall not exceed two cents (\$.02) per hundredweight and the assessment for all other usages of milk shall not exceed eight mills (\$.008) per hundredweight. In addition, the relationship between the fees per hundredweight established for Class 1 milk versus milk for all other usages shall be at a ratio of 2.5 to 1. The 2003-2004 Dairy Council assessment rates are applicable to both milk producers and milk handlers and are as follows:

- The Class 1 milk assessment rate is one and fifty hundredths cents (\$.015) per hundredweight.
- The assessment rate for all other usages of milk is sixty hundredths cents (\$.006) per hundredweight.

Both of the above rates are the same as last year's assessment.

As in the past, handlers will continue to be responsible for remitting both the handler and producer assessments to the Department. Handlers shall pay the handler assessments for milk utilized in the plant of the handler. The producer assessments shall be collected by the first handler of milk produced in California by deducting any such assessments from any payment due the producer of such milk.

Please call Steven Donaldson of the CDFA Marketing Branch at (916) 341-6005 if you have any questions about these assessment rates. If you have questions regarding the activities of the Dairy Council, please call Peggy Biltz, CEO of the Dairy Council, at (916) 263-3560. ☀



## Hearing Decision

*(Continued from page 1)*

However, an estimate can be made using historical data. Assume that the historical patterns of shipments would not have changed and the amended Pool Plan and Stab Plans been in effect for all of 2002. Then, the annual increased cost for adoption of the panel's recommendations for transportation allowances and for transportation credits for condensed skim would have been, respectively, \$2.11 million and about a quarter of a million dollars. Using this scenario, the annual increased cost for the Secretary's decision regarding transportation credits for bulk milk during this period would have been \$0.82 million.

Most of the adjustments to the Plans will take effect for milk delivered to processing plants on or after August 1, 2003. However, the transportation credits for condensed skim will take effect on November 1, 2003.

Copies of the Hearing Determinations and a more detailed explanation of the Department's decision may be obtained by contacting the Dairy Marketing Branch at (916) 341-5988. You may also download copies from the Department's website at [www.cdca.ca.gov/dairy](http://www.cdca.ca.gov/dairy). From the main page, click on [Announcements, Hearings and Statutes] and then on [Dairy Hearings Matrix].

Should you have any questions or desire further information, please contact Tom Gossard or Eric Erba at (916) 341-5988. ☀



## Bovine Tuberculosis in California

On April 25, 2003, the United States Department of Agriculture (USDA) removed California from its list of tuberculosis (TB) accredited-free states because three TB-affected herds were detected within a 48-month period. California is now classified as a TB modified accredited advanced State.

### Update

Since May 2002, bovine TB has been confirmed in three California dairy herds. Two herds were located in Tulare County and one in Kings County. All herds were quarantined, test-positive cattle were destroyed, and the remainder of the herds depopulated. **California can reapply for accredited-free status in April 2005, provided no additional infected herds are detected.**

Investigation of a TB-infected cow found in September 2002 at a California slaughterhouse is ongoing.



USDA personnel working in California slaughterhouses are responsible for detecting two of the infected herds. California currently leads the nation in TB slaughterhouse surveillance; 647 samples for TB surveillance were collected in 2002.

As of June 30, 2003, 393,559 cattle in 267 herds have been tested for bovine TB since this investigation began, and about 13,000 have been destroyed.

Cumulative Since May 13, 2002	
Number of herds tested	267
Number of animals tested	393,559
Number of herds quarantined	3
Number of cattle destroyed	~13,000
Average number of field personnel	30

As of February 2003, we recommended a TB test within the current fair season on exhibition dairy cattle more than six months of age from Tulare, Kings, and Fresno Counties.

### Impact on California

With the downgrade from TB-free to modified accredited advanced, all sexually intact cattle and bison leaving California require official identification and a certificate stating that they were negative to an official TB test done within 60 days prior to the date of movement unless moved:

- To slaughter at an approved slaughtering establishment;
- From an accredited herd and accompanied by a certificate stating that the accredited herd completed the testing necessary for accredited status with negative results within one year prior to the date of movement.

**The new TB requirements do not apply to sexually intact heifers moving to feedlots, or steers and spayed heifers, until September 30, 2003. However, some states may have more restrictive policies for moving feeder cattle. Always check with the state of destination for their TB test requirements.**

Agreements developed with neighboring states ease the TB testing requirements on breeding beef cattle moving interstate annually for grazing on an approved Pasture-to-Pasture permit. Breeding beef cattle 24 months of age and older require a TB test within 12 months of application for the permit, and subsequently every three years to continue to move annually while California is less than TB-free.

### CDFA/USDA Steps to Eradicate TB

- Test all dairies in Fresno, Kings and Tulare Counties (~773,000 milking cows in 700 herds) prioritized by risk. About one-third of this testing is completed.
- Use newly approved blood tests (Gamma Interferon) for confirmatory testing in beef "commuter herds"
- Require a TB test on all breeding dairy cattle over 6 months of age entering CA, except CA returnees (effective August 15, 2003).
- Restrict Mexican feeder steers to "designated" pastures/feedlots (proposed for 2004 import season). Comply with USDA requirements for "Regionalization" of the state if another infected herd is found.
- Regain "Accredited Free" status by 2005.

CDFA Animal Health Branch Offices	
Sacramento (HQ)	916-654-1447
Modesto	209-491-9350
Ontario	909-947-4462
Redding	530-225-2140
Tulare	559-685-3500
Tulare TB Task Force	559-687-1158
CDFA Milk and Dairy Foods Control Branch Offices	
Stockton	209-466-7186
Oakland	510-622-4810
Fresno	559-445-5506
Ontario	909-923-9929
USDA/APHIS/VS	
916-857-6170 or 877-741-3690	

For more information, visit Web sites at: [www.cdfa.ca.gov](http://www.cdfa.ca.gov) or [www.aphis.usda.gov/vs](http://www.aphis.usda.gov/vs)

## Update:

# Cooperatives Working Together Program Begins

Cooperatives Working Together (CWT), the dairy industry's new voluntary, producer-funded effort to strengthen and stabilize farm milk prices, will begin accepting farmer bids for participation in the herd retirement and market reduction programs starting August 1st, and has scheduled a series of meetings for producers interested in participating in the Program:

Aug 1:

9:30 a.m. Buhach Hall, 2889 N. Buhach Rd,  
Atwater

1:30 p.m. Red Lion Hotel, 612 Sick Rd, Modesto

Aug 5:

10:00 a.m. Chino Fairgrounds, 5410 Edison  
Avenue, Chino

Aug 7:

1:00 p.m. Stockton Inn, Waterloo Rd. & Hwy 99,  
Stockton

7:00 p.m. SES Hall, 10427 E. Stockton Blvd.,  
Elk Grove

Aug 12:

9:00 a.m. Two Rock Fire Hall, 7620 Valley Ford Rd.,  
Petaluma


2:00 p.m. Kountry Kitchen, 729 4th St., Orland

CWT will use the proceeds from a 5-cent per hundred-weight assessment on participating producers' milk output – starting with July production. The money raised by the program will be apportioned among three supply reduction programs: a herd retirement program, a milk production reduction program, and a dairy product export assistance program.

Bid forms for the herd retirement and production programs will be made available to farmers by the end of July, and completed forms must be received by CWT (or be postmarked by) August 22, 2003. Successful bidders in both programs will be announced on or about September 12, 2003. The herds of the accepted bidders in the retirement program are expected to be liquidated by mid-to-late October. The reduced production marketings program, meanwhile, will begin its first quarter on October 1st, and run through September 2004.

In order to be eligible to participate in the bidding process, producers must either belong to a cooperative fully supporting CWT, or have submitted an independent producer membership application in CWT.

Further details regarding the implementation of these three programs, and bid application forms, will be

available on the Cooperatives Working Together website ([www.cwt.coop](http://www.cwt.coop)), and through participating cooperatives. 

## National Dairy Situation and Outlook – USDA Estimates

### Milk Production and Cow Numbers

Monthly: Compared to 2002, USDA estimates that overall milk production across the U.S. was down - 0.1% in June, led by Idaho's 6.1% growth in milk production (on 20,000 more cows and 60 more pounds per cow). California's estimated production was up 0.2% (on 46,000 more cows and 45 less pounds per cow). Among other western states, Arizona was up 2.4%; New Mexico up 4.8%; and Washington down 2.1%. Four of the top 10 states reported a decrease: New York -2.7%; Minnesota - 2.4%; Washington, -2.1%; and Pennsylvania -4.3%.

Quarterly: For the second quarter of 2003 compared to the first quarter of 2003, U.S. milk cow numbers were down 0.2% at 9.130 million, production per cow was up 2.3%; the net effect was a 2.1% increase in milk production to 43.8 billion pounds. USDA projects that for the third quarter of 2003 compared to the second quarter of 2003, U.S. milk cow numbers will decrease 40,000 cows to 9.090 million cows, production per cow will be down 4.4%; the net effect would be a 4.8% decrease in milk production to 41.7 billion pounds.

### Milk Prices

Comparing the second quarter of 2003 to the first quarter of 2003, U.S. average milk prices were down \$0.30/cwt. to \$11.07/cwt. USDA projects that for the third quarter of 2003, U.S. average milk prices will be up \$0.85-1.25/cwt. compared to the second quarter; including a \$1.65-2.05/cwt. Class 4b price increase and a \$0.10-0.60/cwt. Class 4a price increase.

### Utility Cow Prices

Comparing the second quarter of 2003 to the first quarter of 2003, average U.S. utility cow prices were up \$6.20/cwt. to a national average of \$46.52/cwt. USDA projects that utility cow prices will average \$45-47 in the third quarter of 2003.

Information from the USDA-NASS publication "*Milk Production*" and the USDA-ERS publication: "*Livestock, Dairy, and Poultry Outlook*." 

## Update:

# Milk Income Loss Contract (MILC) Program

October 1, 2003, begins the next fiscal year for the operation of the MILC Payment Program for dairy producers. The following information pertains to the program payments, payment month options, and resource contacts.

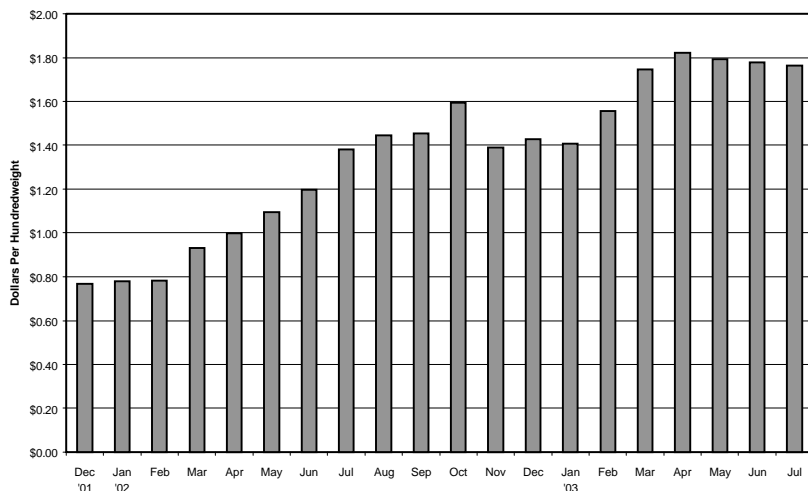
MILC payments are made on a monthly basis when the Boston Class I milk price falls below \$16.94 per hundredweight (cwt). Payments are issued up to a maximum of 2.4 million pounds of milk produced and marketed by the operation per fiscal year. For future reference, the Farm Services Agency (FSA) will post monthly MILC payment rates on their web site at <http://www.fsa.usda.gov/daftp/psd/MILC.htm>

Dairy producers who do not want their 2003-04 fiscal year payments to automatically begin with the first month of the fiscal year (October), must select the month they want to start receiving payments. Producers must make their payment start-month selection on or before the 15th of the month before the month for which payment is sought. If the originally selected starting month is never changed, the starting month will remain the same throughout the duration of the MILC contract. For example, if January was the designated starting month to receive payments last fiscal year, and you do not indicate a change, then January will be the start month for this fiscal year. If no start-month has ever been designated, payments will automatically begin in the month of October.

More information on the MILC program is available from local FSA offices or on FSA's Web site at: <http://www.fsa.usda.gov/daftp/psd/MILC.htm>



**MILC Payment Rates  
December 2001 - July 2003**

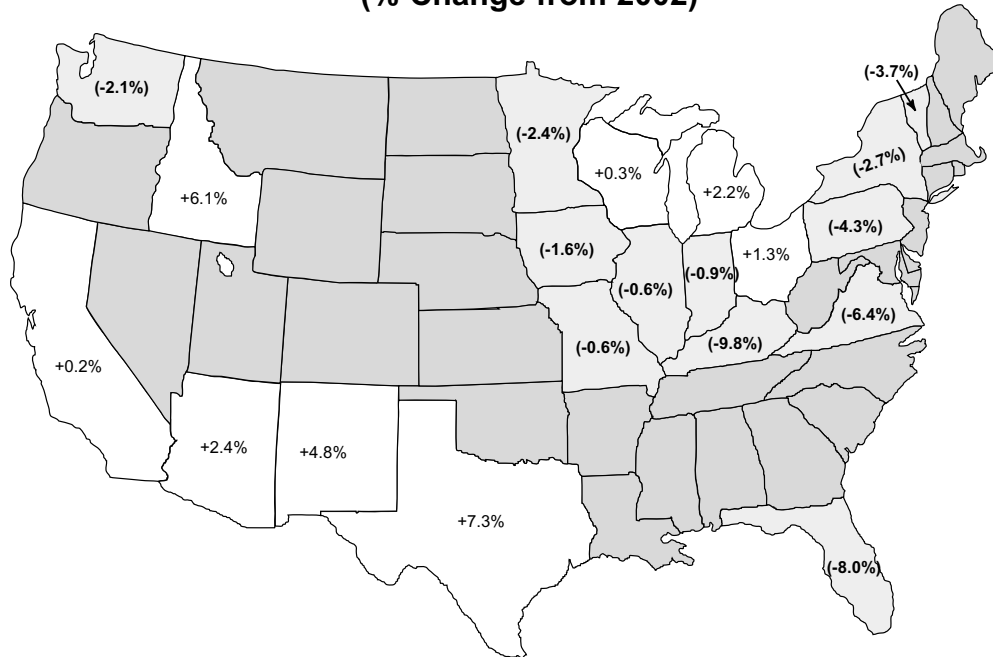


## FSA County Offices

Alpine, Inyo, Mono	(702) 782-3661
Butte	(530) 534-0112
Colusa	(530) 458-5131
Contra Costa, Alameda	(925) 672-4949
Fresno	(559) 276-7494
Glenn	(530) 934-4669
Humboldt, Del Norte	(707) 442-6058
Imperial	(760) 352-3531
Kern	(661) 861-4125
Kings	(559) 582-1071
Lassen, Plumas, Sierra	(530) 257-4127
Los Angeles, Orange, San Bernardino	(661) 942-9549
Madera	(559) 674-4628
Mendocino, Lake	(707) 468-9225
Merced, Mariposa	(209) 722-4119
Modoc	(530) 233-4391
Monterey, San Mateo, Santa Cruz	(831) 424-7377
Placer, Nevada, El Dorado	(530) 885-6505
Riverside, San Diego	(760) 347-3675
Sacramento, Amador	(916) 714-1104
San Benito, Santa Clara	(831) 637-4360
San Joaquin, Calaveras	(209) 946-6241
San Luis Obispo	(805) 434-0398
Santa Barbara, Ventura	(805) 928-9269
Shasta, Trinity	530) 246-5253
Siskiyou	(530) 842-6123
Solano, Napa	(707) 678-1931
Sonoma, Marin	(707) 664-8593
Stanislaus, Tuolumne	(209) 491-9320
Sutter, Yuba	(530) 671-0850
Tehama	(530) 527-3013
Tulare	(559) 734-8732
Yolo	(530) 662-3986



## June Milk Production in the Top 20 States (% Change from 2002)



For the U.S. overall, comparing June 2003 to June 2002:

- Milk production during June was down 0.5%
- The number of cows on farms was 9.097 million head, down 69,000 head
- Production per cow averaged 1,567 pounds, 5 pounds more than June 2002
- Eight of the top twenty producing states showed an increase in milk production

## Milk Production Cost Index for California

Month	North Coast 1/		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
<i>Dollars per Hundredweight</i>										
January	13.86	14.71	12.97	13.00	12.90	12.68	13.10	12.95	13.0110	12.9064
February	13.86	14.71	12.97	13.00	12.90	12.68	13.10	12.95	13.0110	12.9064
March	13.91	13.98	12.50	12.52	12.49	12.19	12.98	13.12	12.6245	12.5197
April	13.91	13.98	12.50	12.52	12.49	12.19	12.98	13.12	12.6245	12.5197
May			12.50		12.94		13.05		12.8019	
June			12.50		12.94		13.05		12.8019	
July			12.59		13.57		13.42		13.1835	
August			12.59		13.57		13.42		13.1835	
September			12.89		13.39		13.70		13.2803	
October			12.89		13.39		13.70		13.2803	
November			12.99		12.78		13.26		12.9767	
December			12.99		12.78		13.26		12.9767	

# Hundredweight Pool Prices

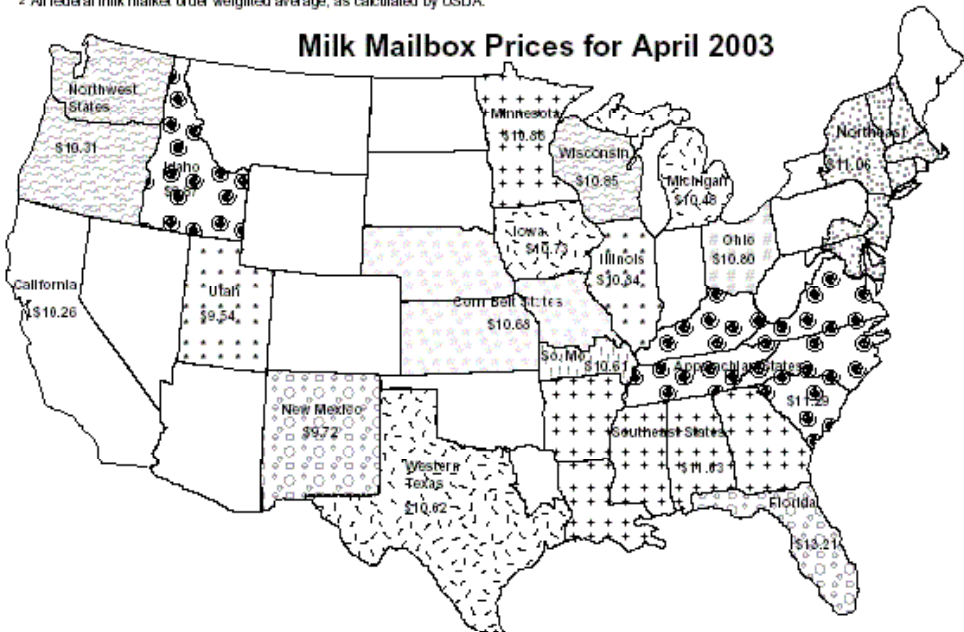
Month	Quota	Overbase
January '02	\$13.18	\$11.48
February	\$12.53	\$10.83
March	\$12.37	\$10.67
April	\$12.41	\$10.71
May	\$12.06	\$10.36
June	\$11.60	\$ 9.90
July	\$11.28	\$ 9.58
August	\$11.48	\$ 9.78
September	\$11.58	\$ 9.88
October	\$11.84	\$10.14
November	\$11.44	\$ 9.74
December	\$11.48	\$ 9.78
January '03	\$11.40	\$ 9.70
February	\$11.11	\$ 9.41
March	\$10.93	\$ 9.23
April	\$11.02	\$ 9.32
May	\$11.05	\$ 9.35
June	\$11.17	\$ 9.47

# Milk Mailbox Prices

(Prices Per Hundredweight)

	October	November	December	January '03	February	March	April
California <sup>1</sup>	\$10.94	\$10.69	\$10.68	\$10.64	\$10.33	\$10.06	\$10.26
USDA <sup>2</sup>	\$12.00	\$11.75	\$11.69	\$11.61	\$11.19	\$10.73	\$10.79


<sup>1</sup> California mailbox price calculated by CDFA.  
<sup>2</sup> All federal milk market order weighted average, as calculated by USDA.



In April 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$10.79 per cwt., \$0.06 more than the figure for the previous month. This month-to-month increase results from general higher Federal milk order minimum producer milk prices component prices. The component tests of producer milk in April 2003 were: butterfat, 3.66%; protein, 3.00%; and other solids 5.73%. On an individual reporting area basis, mailbox prices decreased in 10 reporting areas and increased in 7 reporting areas, and ranged from \$13.21 in Florida to \$9.54 in Utah. In April 2002, the Federal milk milk order all-area average mailbox price was \$12.16, \$1.37 higher.

Note: Effective with the January 2003 report, the Iowa reporting area has been removed from the Corn Belt States reporting area and is reported separately. The Northern Missouri reporting area has been added to the Corn Belt States reporting areas.

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William (Bill) J. Lyons, Jr., Secretary

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